

N E W S R E L E A S E

News Release No.: 13-69

Date: October 2, 2013

Results on EDD efforts to clear Unemployment Insurance processing and payment backlog

SACRAMENTO – Final work on some more complex case work being finished today will mark the completion of a backlog of unemployment benefit certifications at the California Employment Development Department (EDD). A total of approximately \$35 million in benefits was paid through an expedited processing effort. The associated backlog resulted from the Labor Day weekend data conversion activity associated with the launch of a new Unemployment Insurance (UI) payment processing system. The EDD's new internal system is fully functional and has provided automation to help our staff clear the backlog. The backlog included certifications for continuing benefits that took more than ten days to process.

"We know this has been a very difficult time for some of our customers, as well as for our staff, who understand how vitally important these benefits are to our fellow Californians," said EDD Chief Deputy Director Sharon Hilliard. "The EDD is pleased to see our aggressive efforts succeed in eliminating our backlog of certifications and to be able to process through our new system more than \$700 million in total unemployment benefits over the last 30 days to assist those served by our Unemployment Insurance program."

Including work on this backlog effort, we can report that overall, since the new internal payment processing system launch over the Labor Day weekend through September 30, the EDD has processed a total of 1.4 million certifications for ongoing benefits. These come from our current 770,000 claimants, and have resulted in a total of \$715 million in payments to eligible customers' EDD Debit Cards. UI benefits are paid for by employer contributions and not the employee.

After implementing several measures to help eliminate the backlog, the EDD has now completed an alternative method of making payments prior to final eligibility determination on certifications received from established claimants between Labor Day weekend and September 21. Required eligibility reviews on these cases will be done at a later date.

(more)

EDD's Expedited Processing Method Results

Following U.S Department of Labor (DOL) guidance, the expedited method of moving to payment prior to a review of eligibility can only be applied to those cases for which the EDD has not already received further facts from the claimant or their employer regarding eligibility. After reviewing all certifications for approximately 101,000 claimants affected, the results are as follows:

- **Approximately 81,000 claimants who the EDD had the legal authority to pay were issued a payment posted to their EDD Debit Cards** between Thursday, September 26, through Monday, September 30, 2013 with a few extending to Wednesday, October 2.
 - The EDD was able to expedite to payment through automation for claimants with fairly straightforward certifications and who were impacted by the temporary interruption of old claim data.
 - The EDD will conduct an eligibility review at a later date for claimants who automation could not clear for payment because of an identified eligibility issue, and the EDD did not yet have any additional facts available to help make an eligibility determination.
 - This situation includes the more complex work being completed today for claimants who had a problem with their certification that prevented a payment from being issued. These claimants were requested to appropriately complete a new certification, and have been expedited to payment. Such payment will be issued tonight. Once new customer services called UI Online are launched in the coming months, such complications with reissued certifications will be avoided through new system detection.
 - The EDD estimates the majority of these payments will ultimately meet eligibility requirements. All recipients are being notified within the week that if they are later found ineligible for a payment received, EDD will work to collect the overpayment. Those supplementing reduced wages with a reduced unemployment benefit payment should take special note.
- **Approximately 20,000 claimants did not legally qualify for payments per the guidelines of the DOL directive.** These claimants would not have received payments, regardless of the temporary backlog.
 - The DOL directive required the EDD to complete an eligibility review prior to payment for those claimants who automation could not clear for payment because of an identified eligibility issue, and the EDD was able to match their certifications with facts already received from the claimant and/or employer. These individuals were not eligible for benefits after conducting the eligibility review.

(more)

- For the remaining claimants – once reviewing their certification we found that they were required to serve a penalty, or in a few cases, a one-week waiting period. A false statement penalty applies to claimants who have previously supplied false information or withheld information needed to verify their eligibility.
 - The most common example is the failure to report wages to EDD once a claimant has returned to work, and the individual still continues to collect unemployment benefits.
 - In order to get credit for a false statement penalty, the claimant must submit a certification and meet all eligibility requirements and, instead of being paid, they get credited for a week or two of their penalty. Penalties can range from 2 to 23 weeks. (*UI Code Sections 1257, 1260.*)
- Claimants disqualified from payment because of one of the foregoing reasons will receive a notice within the week explaining the reason for disqualification per the usual UI process.

Background

The EDD is upgrading its 30-year-old unemployment payment processing system. The internal part of that system launched over Labor Day weekend and new customer services will launch in the next few months.

The new payment processing system automatically reviews customers' certifications for continuing benefits and forwards eligible certifications for payment without the need for staff intervention. Certifications of eligibility are required from claimants every two weeks after they first establish their claim. Eligibility must be verified on an ongoing basis in order to receive benefits that are paid for by California employers.

- Certifications fall into three basic categories: Most certifications are validated for payment, some are disqualified from payment due to ineligibility, and others require additional review before a final determination can be made.
- The EDD currently has about 770,000 people certifying for ongoing benefits after establishing a claim. A subset of these customers experienced delayed payments due to a backlog of certifications extended beyond ten days for processing.

Just after launch of the new payment processing system, the EDD started experiencing a backlog of some certifications of benefits that were unable to be processed within 10 days. This backlog was created by a one-time conversion of old claim data into the new system, temporarily interrupting processing efforts on new certifications from some claimants.

We strongly encourage our customers to follow continual updates on our efforts to upgrade our 30-year-old system that are posted to our EDD website at [New Upgrades for the Unemployment Insurance \(UI\) System](#). Customers will also find there various tips and recommendations.

#

